

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Group recorded a profit attributable to shareholders of HK\$7,389,000 for the period under review, representing a 34% decrease compared with the same period last year. The Group's turnover amounted to HK\$86,433,000 which was 143% higher than the previous period's figure.

Business Review and Prospects

In the period under review, the Group's traditional core business of garment trading continued to suffer from sluggish market conditions in Hong Kong and China. Revenue from this business dropped 38% when compared with the same period last year.

The Group's proprietary trading in securities reported a small loss due to adverse conditions in the local equity market in the last quarter of year 2000. In response to that, the Directors have adjusted the composition of the Group's investment portfolio with heavy bias towards fixed income securities.

The Group securities broking business also slowed down in the period under review which saw a marked decline in participation by retail clients in the equity market following the collapse in the price of technology and internet related stocks.

With the easing of interest rates in Hong Kong, the Group's garment and broking business are expected to stand benefit from it, the Directors are optimistic that the Group's performance in the second half year will be improved.